

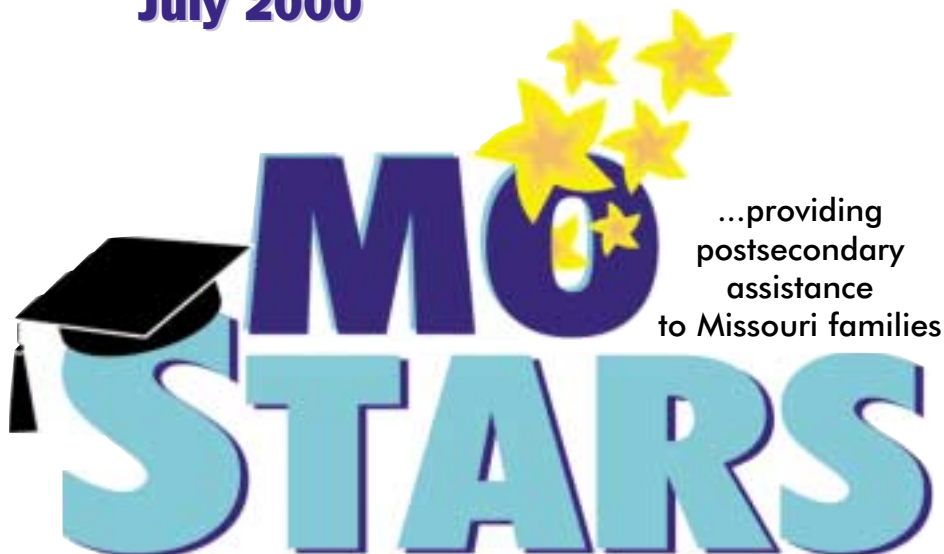
(800) 473-6757

Call the
MOSTARS
Information
Center

to speak with trained
staff members about
any story in this
newsletter
as well as to obtain
free information about
state and federal
student financial
assistance programs.

(573) 751-3940

July 2000



Missouri Student Assistance Resource Services

MOSTARS is a division of the Missouri Department of Higher Education.

St. Louis GEAR UP, INC! College Program

Richard Presberry
(573) 522-1316
USER ID: rpresber

**MOSTARS
News**

May 17 marked the first annual College Preparation Program, presented by MOSTARS Outreach and Early Awareness personnel to the St. Louis GEAR UP, INC! (In Gear for Careers) Partnership. The goal of the College Preparation Program is to provide Missouri families in the St. Louis area with financial aid and education planning information for college. More than 150 sixth-graders and parents participated in the event.

Richard Presberry, MOSTARS senior associate for outreach and early awareness, introduced Mary Lehman, a tuition financing consultant for TIAA-CREF. The state of Missouri contracted with TIAA-CREF to manage the MO\$T (Missouri Saving for Tuition) Program. Lehman presented information about the importance of saving for college as early as possible. After dinner, Paula Dawan, MOSTARS outreach and early awareness representative, presented "Getting Ready for College Early." Dawan emphasized

good academic performance and college preparation courses. She also discussed the parents' role and how critical it is for parents to get involved in their students' academic progress. The program ended with students presenting their parents with "Parent Appreciation Awards" provided in partnership by MOSTARS and GEAR UP, INC!.

Although the College Preparation Program was targeted at sixth-grade students, many younger and older siblings also attended, allowing the partnership to reach entire families. In working with the St. Louis GEAR UP, INC! Partnership, MOSTARS has witnessed systemic change within the St. Louis area. The state of Missouri was awarded three GEAR UP Partnership grants in 1999, and the Governor's Office designated the Missouri Department of Higher Education to apply for the State GEAR UP grant. The Missouri Department of Higher Education submitted a State GEAR UP grant proposal for the 2000-01 academic year on June 26. ★

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This portion of the **MOSTARS** newsletter includes questions and answers regarding topics MOSTARS clients bring to our attention.

If you happen to see one of your questions published, give yourself a pat on the back for asking a question that may benefit other clients.

In addition, if you think there is a need for a published clarification on a particular topic, contact the **MOSTARS Information Center at (800) 473-6757 or (573) 751-3940** to discuss the topic. We may include the question in a future issue of **MOSTARS**. ★

If a student attending a two-year institution has a fall/spring loan and the student advances from grade level two to grade level three for the spring term, how can the student receive the additional loan funds for which the student is eligible?

The Missouri Student Loan Program recommends treating loan increases after grade level changes as additional loans. Procedurally, increasing a loan from \$3,500 to \$5,500 for a student progressing from grade level two to three is not prohibited. However, the MSLP's position is that the borrower's records are documented more clearly for the school, lender and guaranty agency when the additional \$2,000 in loan funds is treated as a new loan.

If a student already has received a subsidized Federal Stafford Loan and wishes to receive an unsubsidized loan for the same enrollment period, how can the student receive the unsubsidized loan?

The unsubsidized loan must be treated as a new, separate loan requiring a new school certification. This is partly because a loan increase that would create a new loan segment cannot be processed.

1. Four-year, graduate and professional schools eligible for the serial loan feature of the Master Promissory Note should certify a new unsubsidized loan through their normal certification process (paper or electronic means). A new MPN would not be necessary if the lender already had obtained a valid MPN for the subsidized loan.
2. All other schools not eligible for serial loans also would certify the new unsubsidized loan, but the lender must obtain a new MPN.

If subsidized and unsubsidized loans for a borrower are submitted for guarantee at the same time, but the subsidized loan guarantees and the unsubsidized loan rejects, is a second MPN required when the unsubsidized loan is guaranteed?

See the answer above regarding certifying another new loan later in the enrollment period. Furthermore, the following also applies:

1. For students attending schools eligible for the serial loan feature of the Master Promissory Note, a new MPN would not be necessary for the new unsubsidized loan. A new MPN would not be required because the borrower should have a completed MPN on file with the lender for the subsidized loan.
2. All other schools not eligible for serial loans also would certify the

new unsubsidized loan, but the lender would be required to obtain a new MPN, even though the school certified the loans at the same time.

What if a lender receives a signed MPN after the loan was disbursed?

A lender must ensure that a valid, signed MPN is on file before disbursing a loan. If the lender finds that a loan was disbursed before receiving the completed MPN, the lender should ask the school to return the loan funds and redispurse the loan. However, as stated in the April 1998 issue of MOSTARS' FFELPfacts, lenders may allow borrowers to line through the incorrect signature date, write in the correct date and initial the change.



For Your Convenience

An information box indicating subject matter accompanies each article in this newsletter. This box also contains the name of the article's contact person (where applicable) and his or her phone number and e-mail user ID. The formula for e-mail addresses at MOSTARS and the Missouri Department of Higher Education is as follows:

USER ID@admin.mocbhe.gov

Remember, you also can contact the
MOSTARS Information Center at
(800) 473-6757 or (573) 751-3940.

Check your mailing label



Please take a moment to check the mailing label on the back of this newsletter. This address is the most recent information MOSTARS has on its general database.

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- Is the name of your institution correct?
- Is this newsletter being mailed to the appropriate person at your institution?
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If any of this information is NOT correct, mail, e-mail or fax your current information to:

MOSTARS
Becky Whithaus
3515 Amazonas Dr.
Jefferson City, MO 65109
FAX (573) 751-6635
bwhithau@admin.mocbhe.gov

MOSTARS appreciates your assistance! ★

Eligible Lender List Change

Clients who use the Missouri Student Loan Program Combined Eligible Lender List should make note of the following change. New lists are printed upon request, so your list may reflect this change. Refer to the effective date of the change and compare it to the date listed in the lower left corner of your list to determine whether you should pencil in this change.

Change

First Bank, NA, Trustee for EFSI, OE 833617-00
New name: Firstar Bank Trustee for EFSI c/o BHESC
Changed May 19

CariAnne Cutshall
(800) 473-6757 or
(573) 522-2008
USER ID: ccutshal

Participation Lists

To request an MSLP Combined Eligible Lender List, call the MOSTARS Information Center at (800) 473-6757 or (573) 751-3940.

For more information, refer to the August 1998 issue of FFELPfacts. You can view a sample of the list in the October 1998 issue of the MOSTARS newsletter.

The list also is available on the MOSTARS web site at www.mocbhe.gov/mostars/Indrlist.pdf. ★

Spring Training Q&A

MOSTARS staff members have provided answers to the following questions asked by clients at our 2000 Spring Training.

Are Federal PLUS loans eligible for the new extended repayment plan?

Yes. In the preamble to the final rules published in the Federal Register on Nov. 1, 1999, on page 58940, the U.S. Department of Education acknowledges that the 25-year extended repayment schedule is available to eligible Federal PLUS loan borrowers.

New borrower's on or after Oct. 7, 1998, who have more than \$30,000 in outstanding principal and interest in FFELP loans are eligible for the extended repayment schedule.

A transfer student completed 36 credit hours at a previous school, but the current school will accept only 24 of those 36 credit hours toward the student's degree program. The current school considers a freshman, or first-year student, to be one who has completed less than 29 credit hours. What is the correct grade level loan limit for this student?

Based on the number of credit hours the current school has accepted, the school considers the student to be in his or her first year of the degree program. Therefore, this student is eligible for a Federal Stafford Loan at the \$2,625 annual loan limit applicable to grade level one.

Source: 34 CFR 682.204(a)

A graduate student has requested a loan for the fall term and is scheduled to complete his or her program at the end of that term. Is the school required to prorate the amount of Federal Stafford Loan funds for which this student is eligible?

No. Proportional proration is required for **undergraduate** students who are enrolled in either 1) a program of less than an academic year in length; or 2) the remaining portion of a program of at least an academic year in length when the remaining portion is less than an academic year.

Source: 1999-2000 Federal Student Financial Aid Handbook, Direct Loan and FFEL Programs Reference, page 23.

Is institutional work-study considered a resource (Estimated Financial Assistance) for the purpose of determining a student's eligibility for a Federal Stafford Loan?

Estimated Financial Assistance includes the estimated amount of assistance a student will receive for a period of enrollment including federal, state or institutional or other sources such as veterans benefits, scholarships, grants, fellowships, assistantships, net earnings from need-based employment or other education loans. The EFA does not include Federal Work-Study funds that the school determines the student has declined.

If the institution's work-study program is need-based, it must be included in the EFA.

Source: 34 CFR 682.200 Definitions, "Estimated Financial Assistance", and the 1999-2000 Federal Student Financial Aid Handbook, Student Eligibility section, page 220.

Is a borrower who is enrolled at least half time, but less than full time, eligible for the increased loan limits for Health Education Assistance Loan students?

No. Only students in this category who are enrolled **full time** are eligible for the higher annual unsubsidized Federal Stafford Loan limits.

Source: 1999-2000 Federal Student Financial Aid Handbook, Direct Loan and FFEL Programs Reference, page 27, and Common Manual subsection 5.7.I.

If a borrower's non-defaulted loan was discharged in bankruptcy, must the borrower reaffirm the loan in order to qualify for FFEL Program funds?

No.

Source: 1999-2000 Federal Student Financial Aid Handbook, Direct Loan and FFEL Programs Reference, page 77, and Common Manual subsection 5.2.F.

If a borrower consolidates his or her defaulted FFEL Program loan, does the borrower regain eligibility for FFEL Program funds?

Yes. A borrower who resolves a default by consolidating a defaulted FFEL (or Direct) Program loan also regains eligibility once the Federal (or Direct) Consolidation Loan has paid the defaulted loan in full.

Source: 1999-2000 Federal Student Financial Aid Handbook, Direct Loan and FFEL Programs Reference, page 84-85.

What is a judgment lien? (For a student to be eligible for Title IV assistance, his or her property must not be subject to a judgment lien for a debt owed to the United States. A parent cannot receive a Federal PLUS loan if either the student or the parent has property subject to a judgment lien for a debt owed to the United States.)

A judgment lien may be placed on a student or parent's property for failure to pay a debt owed to the United States or failure to make satisfactory arrangements for repayment. An example of a judgment lien, how it might come to the attention of a school and its effect on aid eligibility, is found in the 1999-2000 Federal Student Financial Aid Handbook, Student Eligibility section, on page 55. ★

May 2000



MOSTARS is providing this Publications Order Form to Missouri institutions in an effort to distribute free brochures and informational materials regarding Missouri's student financial assistance programs. For more information, please contact the MOSTARS Information Center at (800) 473-6757 or (573) 751-3940.

MOSTARS

Publications

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MOSTARS, the student assistance division
of the Missouri Department of Higher Education

Date Order Submitted _____

Date Publications Are Needed _____

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Check the category that applies to your institution:

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GENERAL INFORMATION

- ☐ MOSTARS Folder (2/99)
- ☐ What is MOSTARS? (4/00)
- ☐ MOSTARS Contact Cards (8/98)
- ☐ Resources on the World Wide Web (5/00)
- ☐ Choosing the Right School for You (1/00)
- ☐ Need Money for College? Missouri Grants, Scholarships, Loans and More (4/00)
- ☐ Missouri Student Financial Assistance Programs (4/99)
- ☐ Missouri Higher Education Academic "Bright Flight" Scholarship Program (2000-2001 Academic Year)
- ☐ The Smart Approach to Student Loans and Consumer Debt (4/00) 

DEFAULT PREVENTION MATERIALS

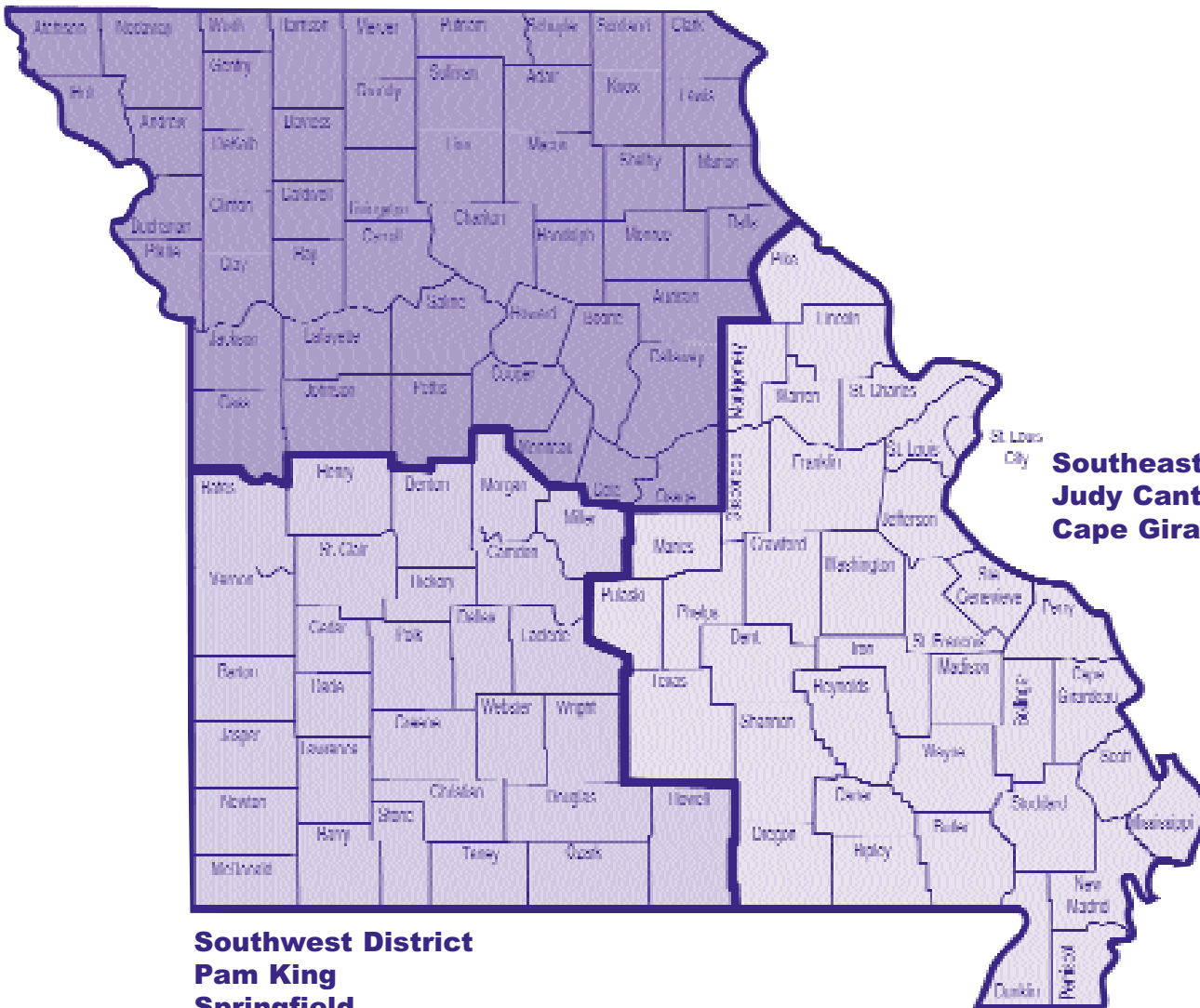
The following items are recommended for postsecondary institutions only.

- ☐ Entrance Counseling Booklet (12/97)
- ☐ Exit Counseling Booklet (4/99)
- ☐ Smart Habits for Student Retention & Default Prevention (7/99)+
- ☐ Before You Sign, Think! (10/99)
- ☐ Change of Status Form (10/99)
- ☐ Good News for Defaulted Borrowers (2/99)
- ☐ "Do the Smart Thing" Poster (8/99)
- ☐ "Do the Smart Thing" Poster Contact Card Pads (25 cards per pad) (8/99)

+ Not for student distribution

Client Service Representative Territories

Northern District
Natalee Girardi
Jefferson City



Southeast District
Judy Cantoni
Cape Girardeau

Southwest District
Pam King
Springfield

Paula Dawan, Outreach/Early Awareness Representative

Paula is based in Jefferson City and participates in MOSTARS statewide workshops and conferences related to outreach and early awareness programs and activities.

Michelle Krambeck, Client Service Representative

Michelle is based in Kansas City and participates in MOSTARS statewide workshops and conferences related to outreach and early awareness programs and activities.

State Student Financial Assistance Programs Appropriations

Following is a comparison of the actual state student financial assistance program appropriations from the 1999-2000 academic year and the appropriations truly agreed to and finally passed by the 2000 Missouri General Assembly and signed by Gov. Carnahan for the 2000-01 academic year.

State Student Financial Assistance Program News

Dan Peterson
(573) 526-7958
User ID: danp

	1999-2000 Actual Appropriation	2000-01 CBHE Request	2000-01 Signed by the Governor
State Student Financial Assistance Program Administration	\$480,890	\$506,055	\$492,653
"Bright Flight" Scholarship Program	\$15,637,000	\$16,137,000	\$15,787,000
Charles Gallagher Student Financial Assistance Program			
General Revenue	\$15,328,436	\$15,941,436	\$15,578,436
Federal – LEAP (formerly SSIG)	\$1,000,000 *	\$1,000,000 **	\$1,000,000 **
Grant Program Gift Fund (MOHELA)	\$50,000	\$50,000	\$50,000
Bridge Scholarship Program	\$2,200,000	\$0	-0-
Marguerite Ross-Barnett Memorial Scholarship Program	\$500,000	\$1,000,000	\$500,000
Advantage Missouri Program	\$2,930,969	\$5,275,744	\$2,930,969
Missouri College Guarantee Program	\$4,000,000	\$10,710,000	\$8,460,000
Public Service Survivor Grant Program	\$45,000	\$45,000	\$45,000
Vietnam Veterans Scholarship Program	\$15,000	\$15,000	\$15,000
Total General Revenue	\$41,137,295	\$49,630,235	\$43,809,058
Total Other	\$1,050,000	\$1,050,000	\$1,050,000
GRAND TOTAL	\$42,187,295	\$50,680,235	\$44,859,058

* Actual SSIG funds received were \$504,761

** Projected actual Leveraging Educational Assistance Partnership (LEAP – formerly SSIG) program funds to be received are \$790,028.

MOSTARS Advisory Board is appointed

During the Coordinating Board's April 13 meeting, Commissioner of Higher Education Kala M. Stroup presented a list of individuals for appointment to the new MOSTARS Advisory Board.

The appointees will advise the Coordinating Board on issues related to student financial assistance and consumer information. The Coordinating Board established the MOSTARS Advisory Board in response to recommendations of the Missouri Commission on the Affordability of Higher Education.

The affordability commission reported that while access to student financial aid has increased through the development of new, targeted financial aid programs, the new programs have increased the administrative burden on postsecondary institutions and have added confusion to the financial aid process for students and families. The commission also found that information about the costs of postsecondary educational opportunities is uncoordinated, unclear and often difficult for the average consumer to understand. Based on these and other findings, the

affordability commission made several recommendations to improve financial access and consumer information.

Accordingly, the MOSTARS Advisory Board will help guide efforts to implement:

- ★ an integrated policy framework for student financial assistance programs,
- ★ an improved consumer information reporting system,
- ★ successful early awareness and outreach programs and
- ★ student loan default prevention and debt management strategies.

The composition of the new advisory board includes individuals representing all sectors of Missouri higher education, state government agencies, state legislators, Missouri citizens and students. The advisory board is scheduled to meet three times annually in February, June and December. ★

MOSTARS News

Dan Peterson
(573) 526-7958
User ID: danp

MOSTARS Advisory Board

Coordinating Board for Higher Education

John Bass, secretary

Citizens

John Dillingham, president, Dillingham Enterprises
(Affordability Commission member)

Barbara Burns, superintendent of schools, Lamar
(Affordability Commission member)

Presidents, Chancellors and Directors of Postsecondary Institutions

Public Two-Year

Gustavo Valadez Ortiz, president, St. Louis Community College at Florissant Valley

Public Four-Year

Kenneth Dobbins, president, Southeast Missouri State University

Independent

Ed Strong, Jr., president, Culver-Stockton College

Private Career

C. Larkin Hicks, president, Allied Medical College

State Legislators

Ted Farnen (D), chairman, House Higher Education Committee

Anita Yeckel (R), member, Senate Education Committee

Vice President for Student Affairs

Constance Williams, Lincoln University

Vice President for Finance or Fiscal Affairs

Ron Maupin, Southwest Baptist University

Governor's Office Representative

(to be named)

MOHELA Board of Directors

William Zielonko, chairman

Department of Elementary and Secondary Education

Celeste Ferguson, assistant commissioner for urban and teacher education

Students

Public Two-Year

Amy Reinsch, Board of Regents, Linn State Technical College

Public Four-Year

Ricardo Jones, Board of Curators, Lincoln University

University of Missouri

Larry Sowell, University of Missouri-St. Louis

Independent

Andrew Carlson, Washington University

New Interest Rates Chart

July 1, 2000 to June 30, 2001

The U.S. Department of Education announced the variable interest rates for the Federal Family Education Loan Programs for loans disbursed on or after July 1, 2000. The chart below outlines the appropriate rates for the different types of Federal Family Education Loan (FFEL) Program loans. Please contact the MOSTARS Information Center at (800) 473-6757 or (573) 751-3940 if you have any questions.

#	LOAN TYPE	LOANS DISBURSED	EFFECTIVE FOR	INTEREST CAP	T-BILL + FACTOR =		INTEREST RATE FOR 07/01/99 – 06/30/2000	INTEREST RATE FOR 07/01/00 – 06/30/01
1	Stafford	07/01/88 to 09/30/92	borrowers subject to old windfall profits	10.0%	5.89	3.25	7.87%	8/9.14%
2	Stafford	07/23/92 to 09/30/92	borrowers subject to new windfall profits	8/10%	5.89	3.10	7.72%	8/8.99%
3	Stafford	07/23/92 to 09/30/92	borrowers subject to new windfall profits	7.0%	5.89	3.10	7%	7%
4	Stafford	07/23/92 to 09/30/92	borrowers subject to new windfall profits	8.0%	5.89	3.10	7.72%	8%
5	Stafford	07/23/92 to 09/30/92	borrowers subject to new windfall profits	9.0%	5.89	3.10	7.72%	8.99%
6	Stafford	10/01/92 to 06/30/94	new borrowers	9.0%	5.89	3.10	7.72%	8.99%
7	Stafford	07/01/94 to 06/30/95	all new loans	8.25%	5.89	3.10	7.72%	8.25%
8	Stafford	07/01/95 to 06/30/98	all new loans	8.25%	5.89	$\frac{2.5}{3.1}^{**}$	$\frac{7.12\%}{7.72\%}^{**}$	$\frac{8.25\%}{8.25\%}^{**}$
9	Stafford	07/01/98 to 06/30/2001	all new loans	8.25%	5.89	$\frac{1.7}{2.3}^{**}$	$\frac{6.32\%}{6.92\%}^{**}$	$\frac{7.59\%}{8.19\%}^{**}$
10	SLS or PLUS	07/01/87 to 09/30/92	new loans	12.0%	6.38	3.25	8.13%	9.63%
11	SLS	10/01/92 to 06/30/94	new loans	11.0%	6.38	3.10	7.98%	9.48%
12	PLUS	10/01/92 to 06/30/94	new loans	10.0%	6.38	3.10	7.98%	9.48%
13	PLUS	07/01/94 to 06/30/98	new loans	9.0%	6.38	3.10	7.98%	9%
14	PLUS	07/01/98 to 06/30/2001	new loans	9.0%	5.89	3.10	7.72%	8.99%

* during interim, grace and authorized deferment periods

** during repayment periods

Mark Your Calendar!

The
2000 MOSTARS Fall Workshops
are scheduled as follows:

- | | |
|--|--|
| <p>▼ Wednesday,
Sept. 20
Holiday Inn
Executive Center,
Columbia</p> | <p>▼ Thursday,
Sept. 21
Holiday Inn South
(I-55 & Lindbergh),
St. Louis</p> |
| <p>▼ Tuesday,
Oct. 3
Holiday Inn
North (I-44),
Springfield</p> | <p>▼ Wednesday,
Oct. 4
Holiday Inn South
(HWY 71),
Kansas City</p> |

Watch future issues of the MOSTARS
newsletter for more information.

MOSTARS Spring Training Update

MOSTARS sponsored its annual spring training sessions beginning in Springfield and Columbia on May 23, St. Louis on May 24 and ending in Kansas City on May 25. This year's basic training sessions were unlike past sessions in that they had a spring training baseball theme. Attendees were asked to wear attire to represent their favorite baseball teams.

Pam King held the Springfield training at Southwest Missouri State University, Natalee Girardi held Columbia's at Stephens College, Judy Cantoni held the St. Louis training on the St. Louis Community College-Meramec campus and Michelle Krambeck held the Kansas City session at Avila College. The MOSTARS client service representatives would like to thank the host schools for allowing the use of their facilities. If you are interested in having next year's training on your campus, contact your client service representative.

A newly updated School Training Guide and additional handouts were given to those in attendance at each training. If you were unable to attend this year's basic trainings but are interested in receiving the materials, call the MOSTARS Information Center at (800) 473-6757 or (573) 751-3940. The School Training Guide also is available on our web site at www.mocbhe.gov/mostars/sfapers.htm. Questions and answers discussed during all four statewide trainings are on page 4 in this issue. Thank you to those who attended MOSTARS spring basic training! ★

The Missouri Department of Higher Education makes every effort to provide program accessibility to all citizens without regard to disability. If you require this publication in an alternate form, contact the MOSTARS Information Center at (800) 473-6757 or (573) 751-3940. Hearing/speech impaired can call (800) 735-2966.

Coordinating Board for Higher Education
3515 Amazonas Drive
Jefferson City, MO 65109

FIRST CLASS

MOSTARS, a division of the Coordinating Board for Higher Education, publishes this newsletter to inform Missouri's financial aid community of current issues concerning the Missouri Student Loan Program and the Missouri Student Financial Assistance Programs.

Mr. Lynn Ewing Jr.....CBHE Chairman
Dr. Kala M. StroupCommissioner
of Higher Education
Karen MisjakMOSTARS Director